

Social Security Subcommittee Hearing on Solvency and Benefit Payments

Committee on Ways and Means

July 8, 2011

(Remarks as Prepared)

Today's hearing illustrates a basic question of right and wrong. Social Security has never contributed a dime to the nation's \$14.3 trillion debt...not one penny to our federal budget deficit this year or any year in our nation's history. Yet some in this town insist that we should cut Social Security benefits for seniors to pay for these deficits... deficits run up over the last ten years principally as a consequence of fighting two unpaid-for wars and giving unpaid-for tax cuts to millionaires. Most Americans would say it is immoral and un-American to ask Congress to tax Peter to pay for Paul's sins – to make retirees, widows, disabled workers, and children who rely on Social Security to pay for the Bush debt. How can that be right?

Here's the simple truth. Today, Social Security has over \$2.6 trillion in its Trust Fund, entirely generated by worker contributions. Over its lifetime, Social Security has earned \$14.6 trillion and only spent \$12.0 trillion. Do the math.

As a result, Social Security has enough income and reserves to pay full benefits to our seniors for the next quarter century and about three-fourths of benefits after that. Social Security is not "broke" and it will not go bankrupt. That's because, unlike the federal operating budget, Social Security cannot deficit spend. Nor will it ever face its own "debt-ceiling crisis."

Our challenge is to address a manageable shortfall in Social Security after 2036. The size of that shortfall is about the same size as the cost of keeping in place the Bush tax cuts for just the wealthiest two percent of American taxpayers. Preserving Social Security for the future is simply a matter of priorities – a matter of right and wrong.

What is wrong is cutting Social Security benefits for people who worked hard all their lives to earn benefits for themselves and their families. It's especially wrong if you are cutting their Social Security in order to pay for tax cuts for millionaires. Social Security benefits are very modest, and most seniors have limited incomes. The average benefit for a retiree is \$14,000 a year. Six out of ten seniors rely on Social Security for more than half their income and nearly a third have virtually nothing else to count on. As people get older and begin to outlive their other retirement savings, they begin to rely increasingly on their Social Security paycheck.

The benefit cuts Republicans have put on the table this year would have devastating consequences for today's seniors and for the 155 million future beneficiaries who are paying in to Social Security today.

In our last hearing, we learned from Social Security's Chief Actuary that under the Social Security privatization bill (H.R. 2109) introduced by Congressman Pete Sessions and other members of the House Republican leadership, Social Security's ability to pay benefits to current beneficiaries would be "severely compromised." If we enacted the Republican bill, current seniors might not get the monthly checks they earned through a lifetime of work.

In addition, the Chairman of the House Budget Committee, Republican Paul Ryan, has a plan to privatize Social Security, to raise the retirement age, and to cut benefits for the middle class. And House Republicans recently voted to create a special "fast-track" process for Social Security cuts.

It doesn't end there. The Republican Study Committee, which represents about three-fourths of my colleagues on the Republican side, including Majority Leader Eric Cantor, has proposed raising the retirement age to age 70, with benefit cuts starting in just three years (2014), at a time when Social Security will have \$3.0 trillion in its Trust Fund.

Mr. Chairman, I am grateful that we are holding a hearing on Social Security benefits. We need to have a comprehensive discussion on all of the options available to us to strengthen Social Security. Where you stand on Social Security and where you fall on the ways to strengthen it will speak volumes about your priorities for our country and for the generation that built the America we love so much.

